

SOIL AND WATER CONSERVATION DISTRICTS

Desktop Procedures for District Fiscal Operations

Adopted by the Virginia Soil and Water Conservation Board
May 23, 2017

Effective Date
July 1, 2017

Issued by:
The Virginia Department of Conservation and Recreation

Soil and Water Conservation Districts
Desktop Procedures for District Fiscal Operations

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Section I – Introduction

The Virginia Soil and Water Conservation Board's (VSWCB) Desktop Procedures for District Fiscal Operations (Procedures) are provided to assist Soil and Water Conservation District (SWCD or district) directors and staff in the execution of their fiscal operations. The Procedures are provided for the SWCD Board of Directors (BOD) and staff so they may obtain a full and rapid understanding of their fiscal duties and fiduciary responsibilities. The Procedures shall be reviewed annually by the BOD or its Finance Committee and documented in the official minutes.

Development of and Revisions to the Desktop Procedures for District Fiscal Operations

The Virginia Department of Conservation and Recreation (DCR), Division of Soil and Water Conservation, contracted with professional staff of private accounting organizations to develop and later, refine the contents of these Procedures. It is the intention of DCR to continue to revise the Procedures as needed and share these revisions with each district. Any questions regarding the information in the Procedures should be directed to the DCR Conservation District Coordinators (CDC).

Version History

Version	Effective Date
Original	August 1998
Revision 1	December 2001
Revision 2	December 2003
Revision 3	July 2006
Revision 4	October 2014
Revision 5	July 2016
Revision 6	July 2017

Section II - Administrative Requirements

Directors

Each district is required to have a BOD, which is comprised of local citizens elected or appointed to a four-year term of office. The directors are not public employees and do not receive a salary for their district work. However, directors may receive reimbursement for expenses associated with performance of their district functions. The district BOD may appoint associate directors who do not have voting capabilities, but augment the directors' knowledge and experience. Associate directors may serve on district committees when requested, are encouraged to attend 75 percent of the monthly BOD meetings, and may receive reimbursement for district related expenses.

Responsibilities of BOD members include, but are not limited to, the following:

- Identify local conservation needs;
- Ensure the proper management of the district's financial and personnel resources;
- Represent local citizens in conservation issues;
- Educate others about conservation issues and programs;
- Work effectively with local, state and federal agencies to resolve conservation problems;
- Attend regularly scheduled BOD meetings and meetings of allied organizations; and,
- Serve on standing and ad-hoc district committees.

DCR has produced a Soil and Water Conservation District Director's Handbook. All new directors should obtain this handbook and read it thoroughly. It provides guidance that should be helpful in performing the responsibilities of directors including the following:

- Roles and Responsibilities of Directors;
- Administration of the Districts;
- District Issues; and,
- Conservation Programs.

In order to be adequately prepared to serve the district, all new directors are expected to attend a regional orientation training session provided by DCR within six months of qualifying for office as a BOD member.

As an elected or appointed official, directors are required to take an oath of office and make a personal commitment to fulfill the responsibilities of the position. Further, as public officials, directors must uphold laws of the Commonwealth. Among the many state laws and regulations that are directly applicable to districts and their boards of directors, the Virginia Freedom of Information Act (FOIA) has particular significance to the ways districts as "Public Bodies" must conduct business. Newly elected and/or appointed directors should receive a copy of the current FOIA within two weeks following their election or appointment. Familiarity with provisions of this law is expected of every district director. Each district is required to designate a FOIA Officer, who may be staff or director, and have that person complete required annual training. When questions arise, counsel may be sought from the Attorney General's Office or from the

Virginia Freedom of Information Act (FOIA) Council. The FOIA Council can be reached via telephone at (866) 448-4100 or via email at foiacouncil@dls.virginia.gov

Employees

All employees should receive an initial orientation from their district when they begin employment with the district and should receive additional training as considered necessary to perform their duties. The initial orientation should include:

- Training in specific district policies and fiscal procedures;
- Strengthening understanding of conservation issues;
- Communicating precise job duties, as determined by their district BOD; and,
- Assuring a mutual understanding between the BOD and staff as to the roles and responsibilities of each.

Hiring a SWCD employee vs. an Independent Contractor

The general rule is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done. The earnings of a person who is working as an independent contractor are subject to Self-Employment Tax.

An independent contractor is generally self-employed. The Self-Employed Tax Center provides additional information.

A person is not an independent contractor if he/she performs services that can be controlled by an employer (what will be done and how it will be done). This applies even if given freedom of action. What matters is that the employer has the legal right to control the details of how the services are performed.

Payment of more than \$600 per year requires that the District issue a 1099-MISC declaring the amount paid for the contractor's services, as well as a 1098 and government copy of the 1099-MISC to the Internal Revenue Service by January 31st of the following year.

If an employer-employee relationship exists (regardless of what the relationship is called), the person performing the work is not an independent contractor and earnings are generally not subject to Self-Employment Tax.

However, earnings as an employee may be subject to FICA (Social Security tax and Medicare) and income tax withholding.

Personnel Policy

Each district should establish a Personnel Policy that addresses the personnel administration policies of the district. This policy should cover the conditions of employment, work hours, fringe benefits including leave policies, personnel management including job descriptions and

grievance policies, travel policies and other pertinent policies of the district. Personnel policies, including position descriptions, should be approved by the district BOD and be reviewed and updated at least annually and when employment conditions change.

Fair Labor Standards Act (FLSA) Exempt/Non-exempt

Each district personnel policy should specifically address the provisions of the Fair Labor Standards Act (FLSA) as well. The FLSA governs whether individual employees are compensated for over-time hours worked based on their employment agreement. SWCDs should test each position description on a periodic basis (no less than every 3 years) to determine exempt or non-exempt status. Tests should also be performed when changes are made to job descriptions and/or salaries. Tests should be maintained in the position description file and available for review by auditors. Employees are required to be notified when they are hired whether their positions are exempt or non-exempt from the provisions of the FLSA. For further information on the FLSA refer to the Department of Labor's website: <http://www.dol.gov/elaws/flsa.htm>. See Section XVI for FLSA Checklist.

One district director, usually the personnel committee chairman, should be identified to serve as the liaison between the staff and the BOD.

Meetings

The BOD should meet on a monthly basis and minutes of each meeting must be prepared and maintained by the district. Minutes should capture the essence of the meeting and the decisions reached - not the content of every conversation. The minutes must document attendance, any motion that is made and by whom, whether it is seconded and by whom, the motion, discussion of the motion, and the final vote or disposition. The minutes must be signed by either the Secretary and/or Chair and approved by the district BOD at the following meeting.

Each district is expected to have a Finance Committee (or group charged to fulfill this function) and a Treasurer to oversee all financial aspects of the district and advise the BOD in financial matters. Some of the responsibilities of the Finance Committee (or designated group) include:

- Review all sources of funding and develop reliable acquisition strategies;
- Develop budgets and budget reports;
- Ensure finances are handled according to sound accounting principles;
- Arrange for required audits;
- Check the reliability of financial information;
- Formulate and recommend policies for consideration by the district BOD (such as a purchasing policy or a check signing policy);
- Establish a system to ensure prompt, accurate payment of invoices and other financial obligations;
- Ensure compliance with surety bond requirements; and
- Annually review the Desktop Procedures for District Fiscal Operations to ensure the District meets their fiduciary responsibilities.

The Finance Committee (or designated group) should meet a minimum of twice a year to establish a budget and to review the financial statements. Minutes of these meetings must be prepared and maintained by the district. Again, minutes should capture the essence of the meeting and the decisions reached - not the content of every conversation. The Chair of the Finance Committee should sign the minutes. Per FOIA, all committees established by a district must prepare and maintain committee meeting minutes. Committee minutes should be reviewed by the full BOD at the next appointed BOD meeting and should be signed by the committee chair.

Audits

All districts are required to accommodate an audit of accounts of receipts and disbursements on an annual basis in accordance with the *Code of Virginia* § 10.1-535, which states, “The district directors shall...provide for an annual audit of the accounts of receipts and disbursements by the Auditor of Public Accounts or a certified public accountant approved by him.” DCR has currently contracted to have each SWCD audited on a two-year rotating basis. Additional audits may be requested by the Board or Audit Subcommittee or to meet federal requirements. Prior to the beginning of an audit, each district should have completed and have available the following items:

- BOD member listing.
- Signed BOD meeting and committee meeting minutes.
- Lease agreements.
- Debt agreement.
- Property (inventory) listing.
- Financial statements that roll forward by line item [i.e. (beginning balance) + (receipts) – (disbursements) = (ending balance)]. The current year beginning balance must equal the prior year ending balance in total and by financial statement line item. The statements must agree in total and by line item to the general ledger (e.g. Quick Books).
- Reports submitted to DCR should agree to the financial statements and to the general ledger.
- Detailed listing of cash receipts that agree in total and by line item to the financial statements.
- Detailed listing of cash disbursements that agree in total and by line item to the financial statements.
- Bank reconciliations with the bank balance agreeing to the bank statement and the checkbook balance agreeing to the general ledger.
- Determination of FLSA exempt and non-exempt by position description.
- Supporting documentation for all transactions within the audit period (cancelled checks, receipts, letters, invoices, etc.). If cancelled checks are not returned to the SWCD the District should request printed or electronic bank copies of the cancelled checks.
- Documentation of funds as to their source (i.e. local, state, and federal).
- Payroll tax returns and personnel records (IRS Form 941), timesheets, W-4s, personnel files, W-2s and 1099s issued).

Record Retention

All supporting documentation must be maintained in accordance with the Library of Virginia Records Retention Schedules. Schedules are located at http://www.lva.virginia.gov/agencies/records/sched_local/index.htm.

Supporting documentation includes, but is not limited to:

- General ledger reports at the summary and detail levels
- Cancelled checks
- Check registers
- Invoices or other support as applicable for disbursements
- Receipt logs
- Check copies for receipts
- Letters or other support as applicable for receipts
- Personnel folders including salary approvals
- Bank statements and reconciliations

Electronic files, including the general ledger system (i.e. QuickBooks) should be backed-up on a regular basis (most auditors would recommend at least weekly, preferably daily). The backup should be maintained either in a fireproof cabinet/safe at the district or at an off-site location (e.g. bank lock box, post office box, etc.).

Debt/Leases

The BOD must approve any debt or lease agreement entered into by the district *prior to obtaining the commitment*. The approval should be documented in district BOD meeting minutes. The district should maintain any debt or lease agreements.

Bonding

All employees and BOD members with access to district funds must be bonded. Bonding coverage provided through DCR presently covers all SWCD directors, associate directors, and employees that handle district monies. Bonding guidelines require that fiscal practices enumerated in this Procedures document be complied with.

In dealing with both clients and employees, the district must comply with all federal and state laws established to protect citizens' civil rights and employment opportunities.

Section III - Accountability

District Directors are accountable for all funds, property and equipment belonging to the district. Accountability requires documentation, as well as ensuring that the district is applying all funds in a manner that serves the public's interest.

Procedures regarding Potential Conflict of Interest (COIA)

The State and Local Government Conflict of Interests Act ("COIA"), § 2.2-3100 et seq. of the *Code of Virginia*, prohibits a range of behavior relating to impermissible conflicts. COIA, along with federal corruption statutes, applies to public officials and employees of the districts. Officers and staff must review COIA. The law provides for both civil and criminal penalties for violations. District officers or staff who question whether certain conduct would violate COIA, should ask legal counsel at the Office of the Attorney General for an opinion and may rely on such advice as a shield to prosecution pursuant to § 2.2-3121 of the *Code of Virginia*.

District directors are not permitted to decide or vote on matters where they have a personal or professional stake. Directors with potential conflicts of interest must disclose to the BOD or other committee members the material facts as to their personal interest in the transaction and/or in any corporation, partnership, association or other organization that may receive financial benefit as a result of the decision of the BOD or committee.

After disclosure of the possible conflict of interest, the Director or staff person (interested individual) shall leave the room prior to the discussion of the issue. The interested individual shall not participate in any discussion or decision/ recommendation making associated with the subject issue. Such action shall be noted in the minutes of the BOD or committee. The interested individual may return to the room and resume participation in the proceedings once all discussions have concluded and decisions/ recommendations rendered pertaining to the issue. Specific questions pertaining to conflicts of interest should be directed to the district's assigned Assistant Attorney General. District Directors should take care to maintain their professional independence in both fact AND appearance.

Budget Development

As stated in Section II, the Finance Committee should develop a budget for each fiscal year. The budget should include:

- Consideration of unexpended funds from the previous year as presented in the financial statements and plans for their use;
- Projected revenue and expenses;
- A detail of actual revenue and expenses of the previous year;
- An estimate of staff and volunteer time and costs to accomplish proposed activities; and,
- A narrative summary that ties planned expenditures to the district's annual plan of work.

The budget shall be reviewed and approved by the district BOD and included as part of minutes. The Treasurer should review the budget on a monthly basis and any significant variances between budget and actual revenue and expenses should be researched and reconciled.

Treasurer's Report

Monthly, directors should be provided a written Treasurer's Report that, at a minimum, documents and explains significant variances between budget and actual revenue and expenses for the year to date and changes in the cash balance of the district from the previous month end. Outstanding check information should be provided as part of the report.

Quarterly and annual reporting to DCR is also required. The Treasurer should review and sign (and/or initial) all financial reports that are forwarded to DCR.

Annual reports should be developed and provided as public record for information regarding accomplishments, financial status and volunteer support. All supporting documentation (such as records and reports documenting volunteer time and match requirements) must be maintained on file by the district.

All district specific policies should be maintained and kept current. Districts should conduct an annual review of all district policies and record the review and approval of these policies in the meeting minutes. Policies should be updated to show the most current review/revision date listed on each policy document.

As mentioned in Section II, state law requires audits of each SWCD. Section 10.1-535 of the *Code of Virginia* states, "The district directors shall...provide for an annual audit of the accounts of receipts and disbursements by the Auditor of Public Accounts or a certified public accountant approved by him."

Compliance with shortcomings and findings identified through an audit is expected. DCR currently contracts for this auditing service to be provided to the Soil and Water Conservation Districts. Auditing staff will conduct an exit interview with the District to report recommended corrections and any outstanding compliance issues. It is expected that District staff in person and a director in person or by phone will participate in the exit interview. DCR will provide to Districts the auditor's management letter and matrix of areas of discussion and the specific exit interview notes to each audited district individually. The CDC will review audit reports with the BOD and facilitate discussion about ways financial controls may be improved. The district BOD should approve the report and indicate what corrective actions will be taken to address audit finding issues. A progress report on these corrective actions should be provided on a monthly basis and recorded in the district's minutes until all issues have been addressed.

Section IV - Cash Management

Accounting records on Cash Basis versus Accrual Basis

Cash basis - Revenue is recorded when cash is received from customers, and expenses are recorded when cash is paid to suppliers and employees. It is easiest to account for transactions using the cash basis, since no complex accounting transactions such as accruals and deferrals are needed. Given its ease of use, the cash basis is widely used in small businesses.

Accrual basis - Revenue is recorded when earned and expenses are recorded when consumed. Its use is required for tax reporting when sales exceed \$5 million.

Based on SWCD auditor recommendations, districts shall maintain their financial records based on Cash Basis Accounting. This will result in a uniform process that will help districts easily reconcile their accounting records with the DCR Attachment E reporting form. For QuickBooks users, this is a simple change in their setting preferences to Cash Basis setting and will automatically generate QuickBooks reports that will correspond to Attachment E reporting.

Insured Accounts

All funds are to be maintained in fully insured bank accounts. Generally, the Federal Deposit Insurance Corporation (FDIC), through your local bank, provides such insurance coverage. Each bank the SWCD does business with should be informed that the district accounts contain public funds and should be insured accordingly. All accounts should be interest bearing to the extent possible. The district shall maintain a separate bank account for the Agricultural BMP Cost-Share Program funds. Interest earned from that account must be applied to additional program practices and expenses.

All cash of the districts should be maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, § 2.2-4400 et seq. of the *Code of Virginia* and covered by Federal Depository insurance. (The following website may be helpful with addressing questions that pertain to the Virginia Security for Public Deposits Act:

<http://www.trs.state.va.us>). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC (\$250,000) must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying Districts of compliance by banks. Accounts maintained in National Credit Union Accounts (NCUA) should be also be insured up to \$250,000. Districts that maintain investment funds with a broker should be insured by SIPC, Securities Investor Protections Corporations, up to \$500,000.

In accordance with § 2.2-4518 of the *Code of Virginia*, districts can elect to participate in ICS (Insured Cash Sweep) and CDARS (Certificate of Deposit Account Registry Services) programs. Both ICS and CDARS allow large deposits of funds to be placed across multiple participating institutions in increments below the standard FDIC insurance maximum of \$250,000, so that

both principal and interest are eligible for FDIC insurance. See the following links for more information.

<http://www.insuredcashsweep.com/home/how-ics-works>

<http://www.cdars.com/home/how-cdars-works/>

Direct Deposit (EDI)

Pursuant to the State Appropriation Act, all districts shall be set up to receive electronic payments from the Commonwealth.

Chapter 732: § 4-5.04 GOODS AND SERVICES

h. ELECTRONIC PAYMENTS: Any recipient of payments from the State Treasury who receives six or more payments per year issued by the State Treasurer shall receive such payments electronically. The State Treasurer shall decide the appropriate method of electronic payment and, through his warrant issuance authority, the State Comptroller shall enforce the provisions of this section.

Petty Cash Accounts

Petty cash accounts should contain no more than \$100 at any time. Petty cash should only be used for small purchases of supplies, food, postage, etc. Use of the petty cash fund should be limited as much as possible. All withdrawals from petty cash must be supported by a receipt or invoice. A person independent of the petty cash function should perform surprise counts of the petty cash at least twice a year and document their counts to ensure funds are intact. Another option is establishing a system for an individual independent of the petty cash account to be responsible for reconciling the account monthly. This arrangement can replace the petty cash surprise counts, since counting the cash on hand and the supporting receipts is part of the monthly reconciliation process.

Reserve Fund Balances

Each district should limit its level of un-obligated reserve funds. Un-obligated funds are monies maintained in the district account(s) that have no restricted, limited use and may be spent on any reasonable business related purpose by the district. It is inadvisable for any District to accumulate more than six months of undedicated reserve funds. Funds beyond this level must be accumulated for specific dedicated purposes (ex. Vehicles, Equipment, Dam Maintenance, Computers, Funding unanticipated staff severances) as directed by an action of the BOD and recorded in the official minutes of the district and not for routine operating expenses. At the end of each fiscal year, the district should review their reserve funds and determine which funds are to be dedicated for specific future expenses. A list should be maintained of these dedicated reserves which should be reviewed and updated annually. Public funds from local, state, and federal sources are provided to districts not for savings, but strictly for performance of conservation. DCR will monitor the growth of unexpended funds through grant agreement required audit reports, and report situations of concern to the VSWCB.

Transfers

When transfers are made between bank accounts, these amounts should not be reflected as receipts or disbursements for any financial reporting purpose. On the Attachment E these transfers should be shown in the transfer in/out column.

Federal funds should only be requested when needed and spent within a reasonable period of time (not to exceed 90 days) after receipt. Each district should monitor expected versus actual cash disbursements of federal awards to ensure timely expenditure of funds. If interest is accrued on federal funds, it must be reported and possibly returned to the federal source depending on the federal rules for that program. See Section XV.

Online Bill Paying

Generally, authorizing an individual to make a direct withdrawal from the bank account to settle a claim provides an opportunity for abuse of the payment system. Given the limited number of personnel and the limited opportunities for segregation of duties and internal control, the use of online bill payment is discouraged. If the circumstances dictate that there is no other viable option, the controls surrounding this type of transaction should be carefully considered. Important elements of the control system should include:

- Two approvals on the invoice prior to initiating the online payment;
- Processing/transmitting of the online payment by a third individual; and
- Careful review of all bank statements with special scrutiny given to the propriety of any direct withdrawals from the bank account.

Larger organizations that utilize online payments typically have one person initializing the payment of the transaction and another individual reviewing the online transaction using the bank's software prior to actually releasing or transmitting the payment transaction. Banks may provide a chip or electronic token that offers a dynamic code to enter prior to releasing a transaction. Banks may "call back" to an authorized individual prior to releasing larger online payments. While sound internal controls can be implemented around online payments, building adequate controls in a local district with limited staff might be challenging.

Virginia Agricultural Cost-Share Payments

Once the SWCD BOD has approved cost-share practice(s) for payment and the practice(s) have been certified as installed and Part III of the Contract has been signed by the participant, the SWCDs should pay promptly (within 30 days).

Agricultural Cost-Share Payments greater than \$600 require the SWCD to send a 1099-G or 1099-MISC IRS tax form to cost-share recipients based on the practice as referenced in the Virginia Agricultural Cost-Share BMP Manual.

For SWCD quarterly reporting to DCR, the district's QuickBooks accounting records, the Agricultural Cost-Share Tracking Program ledgers, and the Attachment E reporting form should all reconcile before submission.

Section V - Cash Control

The opening of all bank accounts, as well as a list of check signatories, should be authorized by the BOD and recorded in the district minutes. Check signatories should be updated whenever one signatory is added or deleted.

All checks should be pre-numbered and contain the name and address of the district.

The supply of unused checks should be maintained in a locked cabinet/desk at the district. Only an individual who does not have check signing capabilities should maintain access to the supply of unused checks to safeguard against theft. Individuals with check signing capabilities should not have access to the supply of unused checks.

Checks should never be signed prior to completion of the check. **Check signers should never sign any check that is to be paid to themselves.** Electronic signatures are not an allowable option for the signing of checks.

A check that has been outstanding for six months should be researched and a stop payment should be placed on the check. Per the Commonwealth of Virginia's Unclaimed Property Act, a check that is outstanding for greater than one year is required to be tracked in a liability account and the amount of the check must be remitted to the Commonwealth of Virginia per § 55-210.0 of the *Code of Virginia*. See Virginia's Unclaimed Property website <http://vamoneysearch.org/> for additional information including the required reporting schedule since due diligence must be shown prior to reporting unclaimed property to the Virginia Department of Treasury.

Voided checks should have "VOID" either written or stamped on them. The signatures on voided checks should be torn off the checks as well. Normal procedures require a voided check to be appropriately marked and stapled back into the check register (or maintained in a voided checks file, if checks are printed from a printer and a check register is not maintained.) This allows any review of the records to clearly indicate a check was indeed voided.

Bank statements should be reconciled to the district's accounting records on a monthly basis. The bank reconciliations should be prepared by the individual authorized by the district to perform this task, and should be initialed and dated when prepared. Any bank differences resulting from the bank reconciliation that require recording in the accounting records (e.g., interest earned, service charges, etc.) should be posted in a timely manner (i.e., prior to the next bank statement being received). **A second individual other than the preparer should review, initial and date the reconciliation and periodically review canceled checks for proper signatures and authority.**

Section VI – Sales

When cash/checks are received from the various receipt sources by the districts, they should be documented in a pre-numbered receipt book immediately. The receipt book serves to document the amount received, payee, reason for receipt, and date of receipt. All cash and checks received by the district must be documented in the receipt book.

Any documentation (i.e., letter, check stub) received with the cash/check should be date stamped when received and maintained in a cash receipts folder. The receipt number should be noted on the supporting documentation.

All checks received by the district should be endorsed (i.e., For Deposit Only, Example Soil and Water Conservation District) immediately upon receipt. Cash/checks should be secured in a locked cabinet/desk at the district until deposited in the bank. Deposits should be made once a week or when the district has collected \$500, whichever occurs first.

Deposits should be recorded in the checkbook on the day of deposit. Individual receipts should be recorded in the general ledger (i.e., QuickBooks) on a weekly basis.

Collection of State Retail Sales and Use Tax

Concerning collection of state sales tax, as political subdivisions of the Commonwealth, districts must collect the tax on sales of their tangible personal property unless such property is otherwise exempt. The *Code of Virginia* and Virginia regulations provide for certain exemptions.

Questions concerning the collection of the tax and specific instances that may provide exemptions should be directed to the Department of Taxation, Office of Tax Policy, (804) 367-8037.

Section VII – Procurement

All purchases made by districts should be made as a result of a competitive and open process that encourages participation by all qualified vendors. All district procurements should be in accordance with the Virginia Public Procurement Act, § 11-35 of the *Code of Virginia*. <http://www.eva.virginia.gov/pages/eva-vppa.htm>. It is important to note that for the purposes of procurement, districts fall under the locality determination.

Every district should have a purchasing policy. The Finance Committee of each district should abide by a policy for competitive procurement based upon dollar amounts of purchases and periodically (at least annually) review and recommend changes to such policy to the district BOD. It should be intended that the lowest cost quotation be accepted; however, in some instances, the district may believe that the least costly price is not in the district's best interest. In this case, a written justification for accepting other than the low bid shall be maintained with the quotations.

The following is an *example* to serve as a guideline for procurement of goods and services:

- *Purchases less than \$500* - District personnel will procure goods and services using sound business practices and endeavor to obtain the best product available for the lowest cost. While no formal bid or quotation process is required, quotations should be obtained if district personnel deem it to be in the district's best interest.
- *Purchases between \$500 and \$1,000* - Quotations shall be obtained from at least three vendors. These quotations may either be in writing or by telephone. In either case, all quotations shall be maintained on file for subsequent review and inspection. The district BOD (or the Finance Committee) shall make the purchasing decision.
- *Purchases between \$1,000 and \$5,000* - At the direction of the BOD, written quotations or sealed bids shall be obtained. The decision to purchase shall be made by the BOD.
- *Purchases greater than \$5,000* - Sealed bids shall be obtained for these purchases. The district BOD or a committee of the BOD shall review the bids. The decision to purchase shall be made by the district BOD.

Section VIII - Expenditure Processing (Non-Payroll)

Disbursements are to be made only with proper supporting documentation, such as invoices, receipts, and/or receiving slips. All documentation should be originals and not copies to prevent double payments of balances.

A voucher system (or invoice approval system) should be used requiring an invoice to be vouched (or approved) before the district issues any payment. Prior to issuing payments, invoices must be endorsed by two individuals (ideally, the person requesting the disbursement in order to verify the invoice is legitimate, and that person's supervisor (or other authorized individual), in order to verify the requestor has authority to make the request). The Virginia Agricultural BMP Incentives Programs Contract Parts I, II, III serves as the invoice for payments issued to farmers participating in the Virginia Agricultural BMP Cost-Share Program. An employee expense report with attached receipts serves as an invoice for payment when submitted with appropriate signatures and documentation.

Invoices should be mathematically verified before payment.

A check signing policy should be developed and adopted by the BOD and reviewed annually. Checks issued over \$1,000 shall require dual signatures. All authorized check signers should be approved by the BOD. The check signer should only sign checks that match a vouched invoice. Check signers should be presented with vouched invoices at the time the checks are presented for signature. Check signers should never sign any check that is to be paid to themselves. Electronic signatures shall not be used for signing checks.

To prevent duplicate payment of expenses, invoices should be stamped "PAID" upon payment. In addition, the check number and check date should be written on the invoice.

Ideally, the individual who accounts for cash disbursements (i.e., records the disbursement in the accounting records and/or signs the checks) should not prepare and mail the checks.

A district employee should **never** make personal purchases with the use of district funds.

Disbursements should be recorded in the checkbook when the check is written. Individual disbursements should be recorded in the general ledger (i.e., QuickBooks) on a weekly basis.

Section IX – Credit/Debit Card Usage

District Credit Cards

Districts issuing credit cards to district staff or directors for business purposes must adhere to the following:

- The BOD must approve the issuance of any credit card to be used by staff and/or BOD member(s).
- Districts should adopt a written credit card policy to establish guidelines for users.
- A reputable credit card company with “no annual fee” and a reasonable and competitive interest rate should be used.
- Credit card statements must be mailed directly to the SWCD district office.
- Receipts for all expenditures must be turned into the SWCD district office and will be matched with the line items on the credit card statement before payment can be made.
- The voucher system described in Section VIII will be used to authorize payment of the credit card. Each attached receipt/invoice should be reviewed for accuracy and appropriateness before payment can be made.
- Expenditures should be made in accordance with procurement guidelines.
- No personal usage of the credit card will be allowed or tolerated.
- Payment of the balance of the credit card will be made by the due date, in order to avoid unnecessary finance charges or late payment fees
- Non-compliance with the above will result in, at a minimum, termination of credit card privileges for the abusing staff member or director.

Debit Cards

State policy prohibits the use of Debit Cards by any state agency. The SWCD Auditors concur due to the potential for fraud. Therefore, the use of debit cards by SWCDs is prohibited.

Use of Personal Credit Cards

Use of personal credit cards for business expenses:

- Staff or director use of a personal credit card for business expenses incurred by the individual only is permissible, but payment or reimbursement of such expenses will only be made by proper submission of an employee/director expense report with attached original invoices (not credit card statements)
- Nothing will be reimbursed for incurred interest, late charges, or other credit card fees charged to the statement. It is the responsibility of the employee or director to request reimbursement thru proper channels prior to incurring such fees.
- Expenditures should be made in accordance with procurement guidelines.
- Receipts for all expenditures must be attached to the employee/director expense report and submitted to the SWCD district office in a timely manner.

- The voucher system described in Section XIV will be used to authorize payment of the employee/director expense report. Each attached receipt should be reviewed for accuracy and appropriateness before payment is made.

Section X – Employee/Director Expense Reimbursements

All personally incurred SWCD expenses shall be reimbursed to the employee/director through the use of an employee/director expense report. At a minimum, the expense report format used by the district should include the individual's name, date of submission, signature, and approvals. The body of the form should be multi-lined and columnar so that several incidences of expenses may be recorded. Columns should include the date of the incurrence, description, business reason for the expense, miles traveled, mileage rate and dollar amount of mileage reimbursement, meals, and other expenses. The last column should indicate a total of the expenditures for that day with a grand total at the bottom to indicate the total to be reimbursed.

Each employee/director submitting an expense report for reimbursement should adhere to the following:

Non-Travel

- Employee/director expenditures for business expenses are permissible, but payment or reimbursement of such expenses will only be made by proper submission of an expense report with attached original invoices (not credit card statements).
- Expenditures should be made in accordance with procurement guidelines.
- Receipts for all expenditures must be attached to the employee/director expense report and turned into the SWCD district office in a timely manner. No reimbursement will be made without a proper receipt.
- The voucher system described in Section XIV will be used to authorize payment of the expense report. Each attached receipt should be reviewed for accuracy and appropriateness before payment can be made.
- Only business expenses will be reimbursed.
- Abuse of any of the above may result in termination of staff; loss of director use of employee/director expense reports for reimbursement; and/or further actions that are appropriate for violations.

Each employee/director submitting an expense report for reimbursement should adhere to the following:

Travel

Travel expenses may be paid based on per diem or based on actual receipts. However, the district must be consistent and shall select one method or the other so that all travel expenses are paid reliably (i.e. district directors and staff must be paid using the same method). This should be clearly noted in a district policy.

- Mileage is reimbursable at a rate not more than the Federal IRS rate. Mileage rates should be revisited by the district BOD when there is an IRS mileage rate change and should be clearly recorded in the meeting minutes. Per diem and mileage reimbursements must not exceed IRS rates. The IRS rates can be found at <http://www.gsa.gov/portal/content/104877>.

- If the SWCD issues reimbursements based on per diem then an appropriate per diem worksheet must be submitted with the expense report. An example of a Per Diem Worksheet can be found at <http://perdiemcalc.net/gsa/>. If the SWCD issues reimbursements on an actual basis, all receipts must be submitted with the travel voucher reimbursement request.
- Meals provided by conference or hotel must be deducted from the applicable per diem.
- Conference documentation showing what is included with the registration must be attached to the expense report.
- Per diem is not to be paid in advance of the trip.
- Receipts – All receipts must be originals. This includes hotel receipts, boarding passes, bag fees, etc.
- When paying per diem the original receipts do not have to be submitted.
- The maximum mileage rate that is reimbursable is the Federal IRS rate less normal commute miles.

Section XI – Employees and Payroll Processing

Establishment of new employee positions, as well as approval of new hires, should be approved by the district BOD and recorded in the minutes. Pay rates of each employee should be discussed and approved by the BOD and recorded in the district minutes. The district should maintain a personnel file for each district employee containing essential data. The ultimate responsibility for hiring/firing and increases/decreases in salary rests with the BOD. Use of an Employee Pay Action Approval Form is required.

All individuals applying for a job at the district should complete an application. Once the BOD selects the individual it desires to employ, a letter stating the position, job description, and salary should be prepared and sent to the individual. The district should maintain a copy of the letter sent to the individual. The letter should include a signature line for the individual to sign indicating acceptance of the position and the stated salary. If the individual accepts the position, the district should include the signed original in the employee's personnel file.

Written evaluations of each district employee's performance should be prepared, ideally, on a quarterly or semiannual basis, but, at a minimum, annually. The Personnel Committee or the employee's immediate supervisor should complete the evaluations. The Chair of the Personnel Committee or other authorized individual, and the employee being evaluated should both sign the evaluation. The Personnel Committee should recommend raises/dismissals (based on the evaluations) to the BOD. The raises/dismissals should be approved/denied at an official BOD meeting and included in the minutes. The evaluations as well as the minutes from the BOD meeting where the raise/dismissal was approved/denied should be maintained in the appropriate employee's personnel file.

When a salary increase or decrease is approved, it is required that a "Personnel Action Notification/Form" or something similar be completed showing the previous rate of pay, the new rate of pay and the effective date. This form should be signed by the chairman of the BOD or another designated BOD member and filed in the personnel files of the affected employee. A Personnel Action Notification/Form is also required to document any bonus payments for employees. Bonus payments are considered compensation by the IRS and as such are subject to payroll and FICA taxes. In addition, any gift provided to a district employee valued in excess of \$25 is taxable. Please consult IRS guidelines for further information on the tax implications of bonus payments and employee gifts. The IRS website is can be found at <https://www.irs.gov>.

Personnel files should also include a signed W-4, VA-4, and I-9 (with required documentation attached). These documents should be obtained prior to 1st day of employment. W-4's and VA-4's should be updated at least annually for each employee, or upon employee request. All new hires must be reported to the Virginia New Hire Reporting Center. Information can be found at <https://va-newhire.com/>.

Timesheets should be prepared and signed by each district employee and approved by his/her immediate supervisor (or an individual designated by the Finance Committee) for each pay period. The timesheet should serve as the required documentation for payment of salary. The

district should maintain the timesheet (or a copy of the timesheet, if a local county processes the district's payroll).

If a local governmental entity pays the district employee salaries and does not require reimbursement from the district, this is neither a cash receipt nor a disbursement. This transaction has no impact on the accounting records or financial statements and thus no accounting entry is required.

District recordkeeping should reflect best practices of separating payroll information by Gross Pay, Fringe Benefits, Payroll taxes, etc.

Districts are responsible for filing all required Federal and State tax forms and making applicable tax deposits. The 941 (Federal withholdings) should be filed on a quarterly basis and tax deposits should be made on a monthly basis. State withholdings information and deposits should be submitted on a monthly basis, unless the withholdings are less than \$100, in which case, on a quarterly basis, unless otherwise specified by the Virginia Department of Taxation. State unemployment taxes should be remitted to the Virginia Employment Commission on a quarterly basis. The District should be cognizant that the taxing authority may change the timing of these filings and deposits.

All applicable processing policies and procedures apply to payroll processing. It is the responsibility of each district to ensure proper tax withholding occurs, as well as proper withholding and tax application of various voluntary deductions (such as pensions, cafeteria plans, health insurance, dental insurance and garnishments).

The processing and handling of payroll checks should be in a manner similar to that described in Section VIII – Expenditure Processing.

Section XII – Fixed Assets Inventory

An inventory listing, including the detail of all fixed assets (e.g., computers, vehicles, equipment, copiers, etc.) owned and/or controlled by the district, should be maintained and updated on an annual basis. All inventory items should be tagged and the sequential tag number included on the inventory listing. The district may wish to establish a minimum value for items maintained on an inventory list. For example, items valued greater than \$100.00 will be inventoried. It is recommended that a list be maintained in a safe, secure location where risk of damage or alteration is reduced.

The listing should include a description of the asset, serial number or VIN number if applicable, the date purchased, the cost of the asset, and an estimated useful life of the asset for budgeting purposes. The SWCD can maintain other information if it is deemed of value, such as from whom the asset was purchased, warranty information, replacement value, etc.

Section XIII – Segregation of Duties

Segregation of duties is an important aspect of a sound internal control system. Proper segregation of duties provides for a system of checks and balances such that the functions of one member (employee, director or other empowered individual) of the district are subject to review through the performance of interrelated functions of another member. The following list provides examples of adequate segregation of duties:

- Check signers should not have access to the unused check supply.
- One individual should not be responsible for opening, recording, and depositing receipts.
- One individual should not be responsible for recording, preparing, and mailing disbursements.
- Employees/directors should not be the check signer for payroll and/or reimbursement checks made payable to themselves.
- Bank reconciliations should be performed monthly, and reviewed and approved by someone other than the preparer.

Due to the small size of the districts, ultimate segregation of duties may not be reasonable. Districts should keep in mind that just the bookkeeper and BOD members need not perform these procedures, but that the conservation specialists and district managers (“program personnel”) may also play a key role in the internal control structure. For example:

- The bookkeeper and the program person sign all checks below \$1,000 and the bookkeeper and the Treasurer sign all checks greater than \$1,000.
- Bank reconciliations may be reviewed by a program person.

The size of the District’s administrative staff, and other staff, precludes certain internal controls, including proper segregation of duties. This situation dictates that often the BOD needs to be involved in the financial affairs of the District to provide oversight and independent review functions.

Section XIV – Reporting (General Guidance)

Individuals, agencies, and organizations that contribute resources (monetary or other) to a district generally have reporting requirements and expectations. Districts are advised to fully understand and accept reporting requirements prior to entering into any contract and/or agreement with any individual or organization. Reporting expectations (such as reporting frequency, amount of information required and the related details) often vary widely between organizations.

Reporting Expenditures of SWCD Discretionary Funds

Districts receive financial resources from many diverse sources. Funds may be received through government appropriations, endowments, corporate contributions, revenue generating programs and many other sources. Funds provided for specific purposes must be accurately tracked and reported according to requirements of the contributing source, and sufficient documentation must be maintained to support revenues, expenditures, and remaining balances.

However, some contributors allow great latitude in the use of resources provided to a district. When several sources of “discretionary” funds are combined in a single account to cover operating costs of a district, it becomes difficult to resolve what balance remains for any particular source of funds at the close of a report period. If a funding contributor has not specifically advised the district as to how their contribution must be spent, districts should adopt an expenditure process or procedure they can document and apply consistently.

Examples of procedures a district may adopt to assign costs from discretionary funds (depending on requirements of their funding sources) are as follows:

- Spend funds appropriated by state sources first, until depletion.
- Spend funds appropriated by the local government(s) first, until depletion.
- Spend revenues generated by district rental/sales programs first, until depletion.
- Split expenditures equally among fund sources (for any given report period).
- Assign disbursement amounts to funding sources based upon the relative amount of funds contributed (for example, if state contributions are twice the amounts contributed by local governments, the relative amount of disbursements would be assigned accordingly to state and local sources).

In fact, any allocation method may be used to allocate costs between operational funding sources, as long as the method is documented so the auditors can recreate the final results reported by the SWCD.

With regards to operational funds issued to each district by DCR, districts have significant latitude with the approach taken as costs are assigned to those funds. It is an acceptable practice to spend state funds first, until that state source is depleted, before assigning remaining costs to other fund sources. It is also appropriate to assign costs to all operational funding sources based on their respective contributions to the SWCD.

However, here is a word of caution to every SWCD regarding assignment of expenses. Contributors, regardless of the individual or organization, want assurance that their contribution is used in an appropriate, productive manner. Districts that may adopt procedures of expending state funds first for discretionary operational expenses will generally reflect remaining balances in other sources –such as local government contributions, which may accumulate over time. Using this example, local government representatives may reasonably question why their contributions are not being expended and, more fundamentally, whether they should continue appropriations to the district. The example is intended to illustrate the need for careful planning and adoption of procedures that are appropriate for each particular district and satisfy those that contribute to its programs and services.

SWCD completion of most current electronic DCR reporting form “Attachment E” [from annual DCR/SWCD Grant Agreements for operational and administrative as well as cost-share program financial support]

According to guidance contained within annual agreements between DCR and each SWCD for financial assistance to support district operational and administrative expenses and delivery of the VA Ag. BMP Cost-Share (VACS) program, districts must complete a financial report on a quarterly schedule. The report is contained within each DCR/SWCD grant agreement as Attachment E.

It is the expectation of DCR that financial information contained within the Attachment E report correlate with district financial records (Cash Balance Report, Profit and Loss Report and monthly reconciliations). This applies to all funds made available to a district from various sources.

It is also an expectation of DCR that the flow of financial information from the electronic Attachment E last quarterly report to the next is consistent. This means that ending balances reported at the close of any quarter, become beginning balances for the start of the quarter that follows. The electronic Attachment E that combines the four quarterly reports for a fiscal year should provide an accurate statement of the receipts, expenditures and remaining balances in a manner that is consistent with other financial records maintained by a district.

If a district needs to correct an amount improperly reported on the Attachment E, the adjustment should be made in the current quarter to correct the balance on the Attachment E going forward. A clearly written memo discussing the adjustment should accompany the Attachment E and should be submitted to the CDC at the time of Attachment E submittal and should also be maintained in the district file for audit purposes.

Section XV - Federal Funds Requirements

Districts and the Federal government enter into grant agreements when districts receive Federal funds related to a specific grant. Districts must abide by and follow Federal requirements when they receive Federal funds from any grantor. Each grant agreement should be reviewed and signed by the chairman of the district BOD. An individual at the district should be responsible for reviewing the grant agreement and understanding the requirements the district must adhere to as a result of receiving the grant. This same individual should be responsible for ensuring that all requirements are met and the district is in compliance with the grant agreement.

There are 14 compliance requirements that an entity must adhere to if it is a recipient of Federal funds. However, in the case of the Soil and Water Conservation Districts, only nine of the compliance requirements apply. The district should document its compliance with each compliance requirement. The applicable compliance requirements are as follows:

Activities Allowed or Not Allowed

Requirement

- Federal funds are expended only for allowable activities.

Control Activities

- Review the grant agreement to determine activities that are allowable under the grant.
- Adequate segregation of duties in review and authorization of costs.

Allowable Costs/Cost Principles

Requirement

- Costs of goods and services charged to grants are allowable and in accordance with the applicable cost principles.

Control Activities

- Review the grant agreement and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200 to determine allowable costs.
- Per 2 CFR Part 200, typical direct costs chargeable to Federal awards include:
 - Compensation of employees for the time devoted and identified specifically to performance of those awards.
 - Costs of materials acquired, consumed or expended specifically for the purpose of those awards.
 - Equipment and other approved capital expenditures.
 - Travel expenses incurred specifically to carry out the award.
 - Adequate segregation of duties in review and authorization of costs.

Cash Management

Requirements

- Funds are requested only when needed and are spent within a reasonable period of time after receipt.
- Interest earned on an advance is reported/remitted as required.

Control Activities

- Monitor expected versus actual cash disbursements of Federal awards.
- Ensure any interest earned on Federal funds is recorded in the applicable program and returned to the granting agency or spent in accordance with the requirements of the applicable program.

Equipment and Real Property Management

Requirement

- Proper records are maintained for equipment acquired with Federal awards, equipment is adequately safeguarded and maintained, and disposition of any equipment or real property is in accordance with Federal requirements, and the Federal awarding agency is appropriately compensated for its share of any property sold or converted to non-Federal use.

Control Activities

- Maintain accurate records on all acquisitions and dispositions of property acquired with Federal awards.
- Place property tags on all equipment.
- Property records contain description, source, titleholder, acquisition date, cost, percentage of Federal participation in the cost, location, condition and disposition data.

Matching

Requirement

- Matching requirements are met using only allowable funds or costs which are properly calculated and valued and not used to match other funding sources.

Control Activities

- Review the grant agreement to determine the matching requirements related to the grant and what funds are allowed to be used as a match.

Period of Availability of Funds

Requirement

- Federal funds are used only during the authorized period of availability.

Control Activities

- Review the grant agreement to determine the period during which funds must be used.

Procurement

Requirement

- Procurement of goods and services are made in compliance with the provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200.318-.326 and Contract Provisions for Non-Federal Entity Contracts Under Federal Awards at 2 CFR 200 Appendix II.

Control Activities

- Review Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200.318-.326 and Contract Provisions for Non-Federal Entity Contracts Under Federal Awards at 2 CFR 200 Appendix II to become aware of the various requirements.

Program Income

Requirement

- Program income is correctly earned, recorded, and used in accordance with program requirements per Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200.307. Program income is gross income received that is directly generated by a federally funded project.
- Per Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200.80, Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated

under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award. Program income does not include rebates, credits, discounts, and interest earned on any of them.

Control Activities

- Identify generators of program income through inquiry of granting agency and the grant agreement.
- Ensure program income is properly recorded as earned and either: deducted from outlays, added to the project budget, or used to meet matching requirements. Unless specified in the Federal agency regulations or in the grant agreement, program income shall be deducted from program outlays.
- Generally, program income requires a program income plan that details how the funds will be spent in accordance with the federal grant regulations under the Catalog of Federal Domestic Assistance. Information can be found at <https://www.cfda.gov/>.

Reporting

Requirement

- Reports of Federal awards submitted to the Federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.

Control Activities

- The accounting ledger is the basis for all reports.
- Supervisory review of reports is performed to ensure accuracy and completeness of data and information included in the reports.
- Submit an annual report to the Department of Conservation and Recreation by July 31 indicating the total amount of Federal funds expended during the prior fiscal year if this is not captured on the Attachment E Financial form. This information is needed to address the Single Audit requirement of disbursements of \$750,000 or greater.

XVI – Appendix A

The following pages contain sample policies and forms that Soil and Water Conservation Districts are encouraged to adopt and implement. The policies and forms are only templates and should be customized to better fit the unique nature of your District. It should be noted that there is no requirement by DCR or the Commonwealth of Virginia that these policies be adopted.

Sample – Purchasing Policy

It is the intent of the District that all purchases be made as the result of a competitive and open process that encourages participation by all qualified vendors. It is also the District's intent that all District procurement be in accordance with the Virginia Public Procurement Act, § 11-35 of the *Code of Virginia*.

The following guidelines set forth the District's policy for competitive procurement, based on the dollar amount of the anticipated purchase. It is intended that the lowest cost quotation will be accepted. However, should the District determine that acceptance of the least costly price is not in the District's best interest, a written justification for accepting an offer other than the low bid shall be prepared and maintained as the record of district action with the quotations.

The District's annual budget is developed to cover anticipated purchases. If sufficient funds do not remain in a particular budget sub-category to cover a purchase, this shall be brought to the attention of the Board of Directors (BOD) by providing them with a copy of the "budget vs. actual" report. If sufficient funds do not remain under the main category heading (i.e. total budget for Educ, PR & Youth) the BOD must first authorize the purchase and/or amend its annual budget.

Accounting Procedures: All District checks greater than \$_____ must have two signatures. Two individuals must approve each invoice (Director and employee other than one who prepares the payment/check).

Credit Card Policy: All purchases shall be made in accordance with the limitations of this policy. District credit card(s) shall only be used by District staff for the purchase of the necessary items needed for operations and to carry out District programs. Credit card(s) may be provided for use to the Office Administrator, Conservation Specialist and/or Education Specialist. Credit card purchases will be consistent with the approved budget. Non-budgeted purchases will be made in accordance with the District's purchasing policy.

No personal items will be purchased using the District's credit card.

Receipts for all purchases must be turned in to the Office Administrator when the purchase is made. This is the responsibility of the staff member making the purchase.

When the credit card statement is received, the Office Administrator or designated staff member shall check each charge against the receipt and code each purchase according to the chart of accounts. A District Director and an employee other than the one reconciling the statement shall also review and initial each credit card statement, with receipts attached.

The following serve as guidelines for procurement of goods and services:

- **Purchases less than \$600** – District officials and/or staff will procure goods and services using sound business practices and will endeavor to obtain the best product available for the lowest cost.
- **Purchases between \$600 and \$1,000** – Quotations shall be sought, where practical and available, from at least three (3) vendors. These quotations may either be in writing or by telephone. In either case, all quotations shall be maintained on file for subsequent review and inspection. If three (3) quotations are not available, circumstances shall be documented and retained on file.
- **Purchases greater than \$1,000** – At least three (3) written quotations (or sealed bids) shall be obtained for these purchases. If three (3) quotations (or sealed bids) are not obtained, circumstances must be documented and retained on file. The BOD or a committee, or those authorized by the BOD shall review quotations or bids. The decision to purchase shall be recorded in the minutes.

In the case of an emergency (i.e. securing contractor for work on a flood control dam, etc.) when obtaining three (3) written quotations (or sealed bids) is not possible, the employee or other individual(s) securing the service/purchase shall contact one or more directors for permission to proceed, followed by written

documentation of circumstances involved in securing said service/purchase. This action shall be brought to the attention of the BOD at its subsequent meeting and recorded in the minutes.

Inventory – An inventory list shall be developed and updated on an annual basis. This list shall be maintained in a safe, secure location where risk of damage or alteration is reduced.

The inventory list should be a detail of all fixed assets (e.g., computers, vehicles, equipment, etc.) owned and/or controlled by the District whose purchase price is \$500 or more. Any item with a purchase price of \$500 or more shall be maintained on the inventory list until it is disposed of by one of the ways listed below. All inventory items should be tagged and the tag number included on the inventory listing. The net asset should be included for each item on the inventory list.

Disposal of District Property – The following serve as guidelines for the disposal and removal from inventory of District property:

- Trade in on a replacement or acquisition of similar property.
- Advertisement for sale by receiving bids.
- Advertised public auction.
- Donation to a non-profit organization.
- Other method as declared by the BOD.

No tangible property of the District with a value greater than \$_____ shall be sold or otherwise disposed by the District without authorization by the BOD, taken and recorded by an action of the BOD during a monthly or other public meeting of the District.

Chair

Date

Sample – Vehicle Use Policy

Purpose

The purpose of this policy is to set guidelines for the use of District-owned vehicles. The District (SWCD) maintains an interest in providing for the official transportation needs of District personnel and/or directors. The District seeks to maintain quality, safe transportation for such uses. In order to do that, proper use, care and supervision of District-owned vehicles are required. Drivers must be licensed to operate vehicles they use; Only properly maintained vehicles will be made available for such uses and the transportation program will be supervised and administered by both the District manager (or other designated individual(s)) and the District Board of Directors (BOD).

Vehicle Use and Responsibilities: Drivers shall practice defensive driving techniques including anticipating and observing the actions of other drivers and controlling the vehicle in a manner to avoid accidents. When operating the vehicle, drivers must be aware that averting their eyes from the road may cause an accident. Drivers should use “best judgment” when changing climate control settings, using the radio, or accessing other settings on the vehicle’s dashboard. Operation and maintenance of District vehicles needs to be assigned to a staffer by District Manager or District BOD.

Responsibilities of Drivers: Use District owned vehicles for official business only. Completion and submission of a vehicle mileage report is recommended. Items tracked could include: date, driver, destination, mileage in, mileage out and a grand total of miles for the month. All gas receipts shall be kept and turned in to the Administrative Secretary on a monthly basis. It is the responsibility of each individual driver to observe all motor vehicle laws of Virginia. Under no circumstance may a District employee operate a vehicle while under the influence of intoxicating beverages, drugs or other substances.

Responsibility of District BOD: It is the responsibility of each District to guarantee their employees possess a valid driver’s license prior to authorizing use of a District vehicle.

Policy

A. Licensure: Persons operating a District-owned vehicle must be licensed in Virginia to operate the type of vehicle they are using.

- Vehicle operators must show a valid license to the District Manager or BOD prior to obtaining initial authorization to use any vehicle owned by the District.
- Vehicle operators must read and sign the Vehicle-Use Policy prior to obtaining initial authorization to use any vehicle owned by the District.
- Authorized vehicle operators must immediately notify the District Manager and/or District BOD if their license has been suspended or revoked.
- During June of each year the District Manager or BOD will review the driver authorization list to ensure it is current and to ensure all vehicle operators are driving under a valid license.

B. Conditions of Use: Persons violating conditions of use may be subject to disciplinary action. The District Manager and/or District BOD will monitor all conditions of use.

1. District-owned vehicles are to be used for official business only.

- Relatives – Relatives of District employees who are not on official District business may not operate or ride in a District-owned vehicle at any time, unless authorized by the District BOD or their designee(s).
- Hitchhikers – Hitchhikers may not be transported in District-owned vehicles at any time.
- Use for Obtaining Meals and Other Necessities – District-owned vehicles may be used to obtain meals and/or other necessities while on official travel.
- Out-of-State Travel – The District BOD must approve all out-of-state travel using a District-owned vehicle.

2. General Vehicle Operating Rules

- Drivers must obey all traffic regulations, including posted speed limits.
- All operators and passengers must wear seat belts at all times while traveling.
- Alcohol and Drug Use – Alcohol and illegal drug-use is prohibited while traveling in a District-owned vehicle. Persons found in violation of this rule are subject to immediate termination. (Also authorized vehicle users are advised to carefully consider whether or not to drive a District-owned vehicle when taking certain prescription drugs.)
- Smoking – Smoking in a District-owned vehicle is strictly prohibited.
- Adverse Weather Conditions – Weather conditions must be evaluated and travel should be postponed when conditions are hazardous. (This includes, but not limited to: fog, heavy rain, snow, ice, high winds, etc.)
- Keys/Credit Cards – Under no circumstances should keys be left in a District-owned vehicle when not in operation. District credit cards should not be left where they are visible inside the vehicle, but rather maintained in the glove compartment.
- Parking/Security Considerations – District-owned vehicles should not be left on non-residential streets or highways overnight, unless required due to mechanical failure. Towing costs for improper parking are the responsibility of the driver.
- Fines/Parking Citations – Any fines and parking citations incurred by the driver are the responsibility of the driver and not the District. Persons incurring fines for traffic violations must report such circumstances to their supervisor, as soon as is practically feasible for conveyance to the District BOD and may be subject to disciplinary action by the District which could include loss of privileges to use District-owned vehicles.
- Personal Property – Personal property left in District-owned vehicles when not in operation is the responsibility of the operator/passenger. Loss or damage to personal items is the responsibility of the operator/passenger.

3. Maintenance and Care of District-owned vehicle

- The District Manager and/or BOD will be responsible for the monitoring and control of the routine maintenance and repair of vehicle(s).
- It is the responsibility of all vehicle operators to routinely check the vehicle(s) to ensure proper oil level, water and antifreeze for radiators, battery, wear on belts, proper inflation of tires, etc. This service should be performed at time of fueling.
- If maintenance repairs are required the District Manager and/or District BOD should be notified and consulted as to the procedure for maintenance.
- When returning the District-owned vehicle, all garbage shall be removed from the vehicle including both the cab and bed areas.
- Personnel will share the following cleaning responsibilities: the exterior of the vehicle will be washed on an as needed basis, the interior will be vacuumed on an as needed basis and windows will be cleaned as often as needed.

4. Insurance

- The District maintains vehicle insurance coverage through _____.
- Insurance information can be found in the vehicle's glove compartment and on file in the District office.

5. Vehicle Accidents

- Any driver using a District-owned vehicle who is involved in an accident should contact the police immediately.
- The driver should obtain the name, address, phone number and operator's license number of all parties involved in the accident or witnesses to the accident.
- The driver should refer to the insurance card found in the glove compartment of the vehicle. Refer to instructions on the back of the insurance card and the agent name and contact number found on the front of the card.

- If the vehicle is safely operable, it should be driven to the District office, the District BOD will be responsible for determining a procedure for estimates and repairs.
- If the vehicle is not safely operable, with guidance from the police, the vehicle should be towed to a nearby service facility. The District BOD should be notified and will be ultimately responsible for determining a procedure for estimates and repairs.

6. Driving a Privately Owned Vehicle

- A privately owned vehicle may be used on official business if no District-owned vehicle is available or in other special circumstances with the approval of the District Manager and/or District BOD.
- An official *Travel Expense Reimbursement Voucher* must be submitted with appropriate receipts attached with 30 days of accrual to the designated District staff member for payment.

7. Carpooling Related to Trips

- If a number of individuals will be attending a workshop, conference or other activity, the District expects that, barring unusual circumstances, District employees attending will car pool using the District-owned vehicle. The District Manager and/or BOD will consider any exceptions to this policy.

Chair

Date

Sample Mileage Sheet

DISTRICT _____

VEHICLE MILEAGE LOG

License#:

MONTH:

Year:

Vehicle:

PERSON ASSIGNED:

Date	DRIVER'S NAME	DESTINATION	MILEAGE IN	MILEAGE OUT	TOTAL MILEAGE

Sample 1– Credit Card Policy

All purchases shall be made in accordance with the limitations of this policy. District credit card(s) shall only be used by District staff (or other authorized individual(s)) for the purchase of the necessary items needed for district operations and to carry out District programs. Credit card(s) may be provided for use to the Office Administrator, Conservation Specialist and/or Education Specialist. Credit card purchases must be consistent with the approved budget. Non-budgeted purchases must be made in accordance with the District's purchasing policy.

No personal items will be purchased using the District's credit card.

Original receipts for all purchases must be turned in to the Office Administrator when the purchase is made. This is the responsibility of the authorized individual making the purchase.

When the credit card statement is received, the Office Administrator or designated staff member shall check each charge against the receipt and code each purchase according to the chart of accounts. A District Director and an employee, other than the one reconciling the statement, shall also review and initial each credit card statement, with receipts attached.

Chair

Date

Sample 2– Credit Card Policy

SWCD CREDIT CARD POLICY

Original Adoption Date: _____

Amended Date(s): _____

_____SWCD has obtained three VISA credit cards from_____; Identified as _____SWCD Card ####, _____SWCD Card ####, and _____ SWCD Card ####. The purpose of these credit cards is for authorized _____SWCD employees to make necessary purchases associated with carrying out SWCD programs and office operations.

The purpose of this Credit Card Policy is to ensure that all authorized users understand the procedures and responsibilities associated with the assigned credit card.

Policy and Procedures

☐ Use of the credit card must be controlled and limited to business use only. The credit card shall not be used for any personal expenses on the part of employees, directors, or associate directors, with or without the intention of reimbursing the SWCD. Any violation shall be referred to the Evergreen SWCD Personnel Committee and/or Finance Committee and appropriate action taken.

- The maximum limit for the three credit cards is cumulative and will not exceed \$5000.
- It is not the intent of this policy that the credit card displaces the normal procurement process.
- All purchases shall be consistent with _____SWCD’s current Purchasing Policy and with the approved fiscal year _____SWCD Budget.
- Debit use of the card is not allowed.
- Cash advances are not allowed on the credit card.
- Individual employees will be assigned a business credit card, for which each is responsible.
- The following purchases may be made with the credit card, taking into consideration the current Purchasing Policy and approved SWCD Budget:
 - Educational Program Supplies
 - Gas and Routine Vehicle Maintenance
 - General Operating Expenses
 - Lodging
 - Meals Outside _____County(ies) (excluding alcohol)
 - Office Equipment and Repairs
 - Postage

Other purchases must be approved by the _____SWCD Treasurer or a voting member of the Board of Directors (BOD).

- It is the responsibility of the individual user to obtain transaction receipts each time the card is used. All receipts must be submitted to the Administrative Secretary in a timely manner. Either the signature or initials of the employee must be written on the receipt. Failure to do so may result in an employee being responsible for disputed charges.
- Should a receipt be lost, the individual making the purchase should immediately attempt to acquire a second receipt from the merchant. If a second receipt is not available, the individual must provide a signed affidavit indicating the date and approximate time of purchase, name of merchant, and the amount of the charge. The Treasurer and/or Budget Committee must determine if the individual is personally responsible for the associated charges or if the SWCD will authorize payment.
- When using the credit card for Internet purchases, individual users should ensure that the site utilizes industry recognized encryption transmission tools.
- When the credit card statement is received, the Administrative Secretary shall check each charge against the receipt and code each purchase according to the QuickBooks Chart of Accounts. A SWCD Director shall also review and initial each credit card statement, with receipts attached.

Payment of the balance of the credit card shall be made by the due date, in order to avoid unnecessary finance charges or late payment fees. A copy of the statement shall be included with the monthly Treasurer's Report submitted to the BOD.

- Validation and Safekeeping: The cardholder (_____SWCD) shall sign the card(s) immediately upon receipt. If a card is lost, damaged, stolen, or misplaced, the employee assigned the card and the cardholder (_____SWCD) shall notify the credit card company immediately. The Administrative Secretary and Treasurer shall be notified immediately of the situation.
- Credit Card Violations: Credit card violations include, but are not limited to:
 - Purchase of items for personal use.
 - Failure to submit receipts or other back-up documentation to the SWCD's Administrative Secretary in a timely manner for the purpose of establishing accountable reconciliation procedures.
 - Failure to return the credit card when an employee is reassigned, terminated, or upon request.
- Unauthorized use of the credit card is a violation of the _____ SWCD Personnel Policy and may result in either one or more of the following actions: written warning, revocation of credit card privileges, cancellation of purchasing authority, disciplinary action, and termination and/or criminal prosecution. Human error and extraordinary circumstances may be taken into consideration when investigating any violation. The Personnel Committee and/or Finance Committee will be responsible for investigating unauthorized use of the credit card.
- Authorized credit card users must sign an agreement indicating acceptance of all the conditions of use of the credit card, as stated in this document, including possible penalties for unauthorized use.
Authorized Users and Titles
 - 1) Employee/Title
 - 2) Employee/Title
 - 3) Employee/Title

Credit Card Authorized User Agreement

I, _____, have read, understand, and accept all terms and conditions of use of the _____SWCD credit card as stated in the _____SWCD Credit Card Policy. Assigned Card #####.

Signature Date

I, _____, have read, understand, and accept all terms and conditions of use of the _____SWCD credit card as stated in the _____SWCD Credit Card Policy.
Assigned Card #####.

Signature Date

I, _____, have read, understand, and accept all terms and conditions of use of the _____SWCD credit card as stated in the _____SWCD Credit Card Policy.
Assigned Card #####.

Signature Date

Sample 1- Check Signing Policy

District checks may only be signed by individuals with check signing authority registered with the financial institution.

Any District check under the amount of \$1,000 may be signed by a single District check signatory. The District Manager may not serve as the single check signer for checks under \$1,000 since he/she also serves in an administrative role at the SWCD.

Any check written for \$1,000 and over must receive two signatures and may be signed by any check signatory as noted below.

Check Signatories and Authorized Amounts are as follows:

- District Manager – may only sign checks over \$1,000 since his/her signature must be accompanied by that of another check signer.
- Director #1 (currently the Chairman) may sign checks of any amount.
- Director #2 (currently the Vice Chairman) may sign checks of any amount.
- Director #3 (currently a Director) may sign checks of any amount.

Checks must be made payable to specific payees based upon appropriate documentation; and never to “cash” or “bearer”. Check signers should be presented with vouched invoices at the time the checks are presented for signature.

A check signer (staff or director) is not authorized to sign a check made payable to himself/herself.

Disbursements must be recorded in the checkbook when the check is written. Individual disbursements must be recorded in the general ledger (QuickBooks).

Access to blank checks must be limited to directors and district employees. Individuals with check signing authority shall not have access to the supply of unused checks. Blank checks must be kept locked in a secure place when not in use. Checks shall not be signed prior to completion of the check.

Chair

Date

Sample 2- Check Signing Policy

District checks may only be signed by individuals with check signing authority registered with the financial institution.

All District checks must have two signatures. Check signatories for the District include the following:

- Chairman of the board
- Treasurer
- Administrative Assistant
- TMDL Conservation Specialist

Checks must be made payable to specific payees based upon appropriate documentation; and never to “cash” or “bearer”. Check signers should be presented with vouched invoices at the time the checks are presented for signature.

A check signer (staff or director) is not authorized to sign a check made payable to himself/herself.

Disbursements must be recorded in the checkbook when the check is written. Individual disbursements must be recorded in the general ledger (QuickBooks).

Access to blank checks must be limited to directors and district employees. Individuals with check signing authority shall not have access to the supply of unused checks. Blank checks must be kept locked in a secure place when not in use. Checks shall not be signed prior to completion of the check.

Chair

Date

Sample Pay Action Authorization Form

_____ Soil and Water Conservation District
Employee Pay Action Approval Form

Employee Name:

Position title:

Initial Employment Date: ____/____/____ Exempt or Non-Exempt status: _____

SWCD Board Meeting Approval Date ____/____/____

Date	Description of Pay Action	Amount of Pay Action	Employee Current Pay Rate	Employee New Pay Rate	Signature (Chair or Personnel Comm. Chair)

FLSA CHECKLIST

This questionnaire serves as a basic outline for determining the appropriate FLSA exemption. Job titles are insufficient to determine the exempt status.

Position: _____ **Employee:** _____

Date: _____ **Completed by:** _____

Completion of this questionnaire helps determine the exemption status of a position. Check the appropriate exemption (Executive, Administrative, Professional, Computer-Related, and Highly Compensated). Then check all boxes under the selected exemption that are applicable. To qualify for an exemption, ALL boxes must be checked for that exemption.

EXECUTIVE:

- _____ Regularly receives a predetermined amount constituting all or part of the employee's salary, which is not subject to reduction because of variations in the quality or quantity of work performed.
- _____ Is paid at least \$23,660 annually (\$455 weekly).
- _____ Primary duty consists of managing the enterprise or a customarily recognized department or subdivision.
- _____ Customarily and regularly directs the work of two or more full-time employees or their equivalents (for example, one full-time and two half time employees).
- _____ Has the authority to hire or fire other employees OR makes recommendations that carry particular weight as to the hiring, firing, advancement, promotion or any other change in status of other employees.

ADMINISTRATIVE:

- _____ Regularly receives a predetermined amount constituting all or part of the employee's salary, which is not subject to reduction because of variations in the quality or quantity of work performed.
- _____ Is paid at least \$23,660 annually (\$455 weekly).
- _____ Primary duty consists of performing office or non-manual work directly related to the management or general business operations.

_____ Work includes the exercise of discretion and independent judgment with respect to matters of significance.

PROFESSIONAL: LEARNED AND CREATIVE:

_____ Regularly receives a predetermined amount constituting all or part of the employee's salary, which is not subject to reduction because of variations in the quality or quantity of work performed.

_____ Is paid at least \$23,660 annually (\$455 weekly).

Learned Professional

_____ Primary duty consists of the performance of work that requires advanced knowledge (beyond high school) and that is predominantly intellectual in character and consistently includes the exercise of discretion and independent judgment.

_____ The advanced knowledge is in a field of science or learning.

_____ The advanced knowledge was acquired by a prolonged course of specialized intellectual instruction (position possesses the appropriate academic degree or has substantially the same knowledge level and performs substantially the same work as degreed employees but possesses advanced knowledge only through a combination of work experience and intellectual instruction).

Creative Professional

_____ Primary duty consists of the performance of work requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor as opposed to routine mental, manual, mechanical, or physical work.

COMPUTER-RELATED:

_____ Is paid at least \$23,660 annually (\$455 weekly) OR \$27.63 per hour.

_____ Primary duty consists of:

The application of system-analyst techniques and procedures, including consulting with users to determine hardware, software or systems functional specifications, OR

The design, development, documentation, analysis, creation, testing, or modification of computer systems or programs, OR

The design, documentation, testing, creation, or modification of computer programs related to machine-operating systems, OR

A combination of these duties which requires the same level of skills.

**HIGHLY COMPENSATED EMPLOYEES PERFORMING EXECUTIVE,
PROFESSIONAL OR ADMINISTRATIVE DUTIES:**

- _____ Is paid an annual total compensation of \$100,000 or more, which includes at least \$455 per week paid on a salary basis. The required total annual compensation does not include credit for board or lodging, payments for medical or life insurance, or contributions to retirement plans or other fringe benefits.
- _____ Primary duty consists of performing office or non-manual work.
- _____ Customarily and regularly performs at least one of the exempt duties or responsibilities of the Executive, Professional, or Administrative exemption.

Additional information can be found at CFR 29, Part 541 and the U.S. Department of Labor Fair Pay website <http://www.dol.gov/esa/regs/compliance/whd/fairpay/main.htm>